

WHAT IS THE FUTURE OF "EXOTIC" TRADEMARKS?



The sector awaits the Court of Appeal's judgement in the latest round of litigation on Nestlé v Cadbury.

The facts

Nestlé applied to register the shape of its four finger Kit Kat chocolate bar as a UK trade mark in July 2010. Since then the case has been heard at the UK Intellectual Property Office, in the High Court and been subject to a reference to the European Court of Justice. The latest instalment is the Court of Appeal's judgment in the case.

In order to be registered as a trade mark, a mark must possess distinctive character. However, if a mark lacks distinctive character it can still be registered as a trade mark if an applicant can prove that prior to the date of the application the mark had acquired distinctive character. Proving acquired distinctiveness will often include consumer surveys showing recognition of the mark, evidence of longstanding use with sales figures and market share and evidence of advertising and promotional material.

One of the Judges, in delivering his Judgment, said that he had kept in mind a basket of unwrapped and unmarked four finger chocolate bars. The key question was whether consumers would perceive these chocolate bars as being Kit Kats? It was not enough for consumers to believe that they look like Kit Kats.

If you have a product which is a particular shape but it is always sold by reference to a separate brand name, then when consumers consider the source of the goods what are they perceiving - the brand name or the shape? The Court of Appeal noted that the four finger mark was not used on its own in advertising; the shape of the product was not visible through the packaging of the product at the point of purchasing; and the fingers themselves are embossed with the "Kit Kat" logo.

Each of the appeal Judges concluded that there was not sufficient evidence to show that an association of the shape with "Kit Kat" meant consumers saw the shape of the product alone as a badge of origin. Prior to Nestlé's application there had been other four finger and two finger products on the market, which may have had some influence on the hearing officer at the UKIPO and the Court of Appeal's decision. Therefore, the appeal failed.

Wider impact?

Registering exotic trade marks, like shapes and colours, has been one way in which brandholders have tried to combat "lookalike" products. The registration process was not straightforward before and this Judgment is only likely to make it more difficult, although the Court underlined that this did not mean these types of marks were in effect unregistrable.

A key concern of the Court was that a trade mark, unlike other forms of intellectual property, can last forever in that it can be repeatedly renewed for successive ten year periods. A consumer does not need to be confused for a trade mark to be infringed – association and bringing to mind may be enough to succeed in a claim for taking unfair advantage of a trade mark. Any monopoly, if granted, gives a brandholder a significant advantage over its competitors. If Nestlé had succeeded in obtaining registration of the shape mark, then no one else would have been able to market chocolate bars with the same shape.

However, this does not mean that brandholders should abandon any hopes of registering exotic marks. If the aim is registration then it may need a longer term strategy and focus on the use of the mark, such as prominent use of the shape of the product in advertising.

It is likely that Nestlé will appeal to the Supreme Court so this Judgment may not be the final word.

Who to contact

RACHEL COOK

Managing Associate

+44 (0)207 160 3028

+44 (0)773 686 8545



10-10930899-1

addleshawgoddard.com

Aberdeen, Doha, Dubai, Edinburgh, Glasgow, Hong Kong, Leeds, London, Manchester, Muscat, Singapore and Tokyo*

*a formal alliance with Hashidate Law Office